

98-84357-8

Hubbell, Jay A.

Free banking, the
revenues and the finances
Washington, [D.C.]

1874

98-84357-8
MASTER NEGATIVE #

COLUMBIA UNIVERSITY LIBRARIES
PRESERVATION DIVISION

BIBLIOGRAPHIC MICROFORM TARGET

ORIGINAL MATERIAL AS FILMED - EXISTING BIBLIOGRAPHIC RECORD

332.4
Z
v. 13

Hubbell, Jay A 1829-1900.
Free banking, the revenues and the finances;
speech in the House of representatives, March 31,
1874 ... Washington, 1874.
16 p. 21 cm.

Vol. of pamphlets.

RESTRICTIONS ON USE: Reproductions may not be made without permission from Columbia University Libraries.

TECHNICAL MICROFORM DATA

FILM SIZE: 35mm

REDUCTION RATIO: 11:1

IMAGE PLACEMENT: IA ☒ IIA IB IIB

DATE FILMED: 3/3/98

INITIALS: FC

TRACKING #: 31839

FILMED BY PRESERVATION RESOURCES, BETHLEHEM, PA.

P42
172

Free Banking—The Revenues and the Finances.

SPEECH
OF
HON. JAY A. HUBBELL,
OF MICHIGAN,
IN THE
HOUSE OF REPRESENTATIVES,

MARCH 31, 1874.

ANY INCREASE IN THE QUANTITY OF OUR CURRENCY
SHOULD BE SO GUARDED AS NOT TO
DECREASE ITS QUALITY.

WASHINGTON:
GOVERNMENT PRINTING OFFICE.
1874.

SPEECH
OF
HON. JAY A. HUBBELL.

The House having under consideration the bill (H. R. No. 1573) entitled "An act to amend the several acts providing a national currency and to establish free banking, and for other purposes"—

Mr. HUBBELL said:

Mr. SPEAKER, the revenues, the finances, and the policy of our Government, are so intimately connected and depend so much one on the other, either for good or bad results, that a discussion of either seems almost of necessity to embrace the others; therefore I trust that I may be pardoned if in the time allowed me I speak somewhat of the question of taxation and of the policy which I think ought to be pursued, in connection with that other and absorbing question, the finances of the country.

I have sat here in my seat and voted for abstract propositions, containing some things which I approved, many things which I did not approve, and perhaps inconsistent with what I may say, because, under a suspension of the rules, I was forced to go on the record one way or the other, without an opportunity for explanation. I now say to this House and to the country that I do not consider myself bound either politically or otherwise to the support of these propositions unless, after due consideration, they shall meet the approval of my judgment.

It occurs to me, that, at the present juncture in our affairs, it is a waste of both time and words to talk about decreasing taxation; whatever may be the desire of particular localities, and the views of particular gentlemen on this floor, in regard to this question, all must candidly admit, that the wants of the Government in the present exigency are such, that from motives of patriotism alone, if for no other reason, no step should be taken to lessen taxation during the present session of Congress. Contenting myself, therefore, with a simple statement of what I deem to be a necessity, I shall allow that statement to go forth with my vote against a repeal of any of the taxes set forth in the bills reported to this House by the distinguished chairman of the Committee on Ways and Means.

It is not altogether because of the late financial scare that I am thus constrained to cast my vote, for I believe if proper action had been taken in the early days of the session there would not be much left of that scare, but because I consider, that even in any but the most favorable times, the revenues of the Government are quite too low to enable it to meet promptly its obligations, be at all times master of the situation, and able to respond to the just demands of the country in the way of appropriations. In my judgment, the 10 per cent reduction of the last Congress on import duties was not warranted by the occasion. Instead of making such reduction, had

the republican party, while yielding to the wishes of the people of the country, and granting comparatively large appropriations for public buildings, for rivers and harbors, and for other worthy purposes, insisted that such action forbade a reduction of the revenue. I believe we should not now be required to listen to so much of talk that savors more of the scare than it does of sound, sober judgment; and perhaps we might have been saved a lecture on our sins, wickedness, and short-comings generally.

In some of the battles of our late war we often noticed from the reports that a few were killed, a few more were wounded, and that a great many were very badly scared. Now, sir, that illustration gives a very good idea of the effect of the late flurry in the money markets; a few bold operators or reckless speculators were killed, some were wounded, more or less severely, while the great mass of the grand army of men who make up and represent the activity, industry, and wealth of this nation, were only badly scared; and the result has shown that our currency, which has heretofore, by many, been deemed sufficient to carry on the legitimate business of the country, was largely hoarded by all classes of people. To illustrate how foolishly this was done in some instances, one man buried his greenbacks in the ground, not even taking the precaution to select a dry place, and the rain descended, as it always does, on the just and on the unjust, and the buried greenbacks were destroyed by the ruthless mildew that succeeds moisture.

I cannot subscribe to the opinion often expressed, that there is great financial distress throughout the country from which will result widespread ruin, but rather that this monetary disturbance and unusual condition of financial affairs results from the fact that the business of the country is now out of joint, and that as soon as definite action is taken by Congress and its financial policy fully understood, business will get into proper shape again much faster than one listening to the debates here would suppose. That the uncertainty, and doubt in the public mind, as to what action Congress will take, touching financial matters, is to-day paralyzing our business interests to a far greater extent than the financial flurry which occurred last September, is to my mind the statement of a proposition so clear and certain that words are but wasted in any attempt to elucidate it.

Nor do I believe in nostrums in the way of legislation, labeled "Bills to prevent financial panics," any more than I believe in bills to establish perpetual motion, to change human nature, or to eradicate original sin.

I regard the cause, the occurrence, and the cure, as beyond the scope of the wisest legislation; and so long as there exists among any considerable portion of the human family an inordinate greed for gain, a desire to amass wealth by some bold dash, or uncertain speculation, trusting the result to the fickle goddess, Fortune, instead of having it come from the sweat and maxims of plodding business; so long as there are men who live in the world one generation too soon, so long will there be thrills, scares, and panics in the money markets, and no legislation can be devised to prevent them.

In considering our national monetary system we must not lose sight of the fact that, as a matter of necessity, in the preservation of its integrity, and the suppression of the rebellion, in order to supply the sinews of war, the Government was compelled to assume control of that system; and as this control still rests with Congress, the people are now looking to it, expecting, that, in view of the late disturbance, some definite action will be taken by it in relation to financial matters,

but uncertain what that action will be. Owing to this fact—and no man can regret it more than I do—the money of the country, instead of being thoroughly distributed in obedience to the laws of trade throughout its ordinary channels, has accumulated largely in the vaults of its great moneyed institutions, and there is in operation a most rigid system of contraction, which is withdrawing from circulation the great body of the currency and placing it beyond the reach of the real business interest of the country.

Gentlemen tell us that money was never so plenty as now, and never so cheap as at the present time; that the rate of interest was never lower than now; they assume to say that he who asks for an improvement in the financial situation, who asks that money may be restored to its normal business and commercial channels, is an inflationist.

For whom is there plenty of money, by whom can it be obtained cheaply?

It is a sorry day for the fortunes of any people when money is begging to be hired on call, with Government bonds as collateral, at 3 per cent., earnestly pleading for a piece of gilt-edged paper at sixty days, at 54 or 6 per cent., yet turns a cold shoulder to the business community at any price.

It means that confidence in the legitimate business of the country is gone. It means that industry must cease, that laborers must be idle and starve, that faith is gone, and hope almost obscured.

This, sir, is our condition to-day, not so much because of the panic, but because timid capital is at a loss to know what this Congress will do with the finances. Money will continue to accumulate in the vaults of our great moneyed institutions and continue to grow cheaper to those who do not care to borrow until something is done to restore that confidence which is wanting by reason of delay in congressional action. When such action is taken, let it be what it may, then the people will adapt themselves to the situation; then will money begin to flow in its accustomed channels; then will industry be again revived, and labor again in demand.

Gentlemen may talk of economy here until doomsday, and the longer they talk the more timid capital will grow, and, every time a speech is made on the late financial panic and the distress of the country caused thereby, the money-lender will give his money-bags a tighter grip, and the rate of interest on call with good collaterals, or on gilt-edged paper, continually fall.

Gentlemen tell us that money is cheap, yet do they know, and can they tell, who will loan it to the manufacturer, or business man anywhere, except on call, or gilt-edged paper?

I have long since learned to look for breakers ahead when these kind of cheap loans monopolize the money market. It is a very certain indication of general distrust and want of confidence, and he who does not heed such warning and put his house in order, is pretty sure to find that house tumbling down about his head. The wealth of the people is not enhanced by these kinds of loans. They are a sort of luxury that can be indulged in only by the capitalists. Wealth is always evolved from the struggles, the labor, the hardships, and sometimes the failures, of men, and the process must be a slow one, indeed, if not altogether stopped, unless capital will consent to take risks, and not always demand gilt-edged paper, or Government bonds as collateral.

The business interests of the country demand that Congress should promptly take some action in relation to the question of finance, whether such action be of the wisest character or not. Almost any conceivable action, that may be accepted as decisive and as indicat-

in the policy of the Government in this respect, will be better than to further prolong this delay and uncertainty; for we are to-day practically without circulation, not so much because of the late panic, so called, but rather because of the timidity of capital. Our money is hoarded, and will be until it is known what this Congress will do; therefore the question of taxation, of appropriations, and all others, sink into insignificance when compared with that of our monetary system. Let us set the wheels of industry in motion first, and then see what we can afford to do about these other matters. What shall we do? Shall we make an earnest and business-like effort to perfect our present system, or shall we try some new experiment which may launch us on an unknown sea, and thus force us to provide against perils "which we know not of?"

The theorist may indulge in new views and new systems, of finance, philosophy, economy, or even of theology, until the ripe old age of four-score is reached, yet the practical world will jog on, guided by the light of experience and observation, without even feeling the presence or influence of disturbing elements. It is only when we attempt to let go of what we are certain, and try something new, that the jar comes, which may prove a disaster.

Our present paper-money system is based on the theory of an ultimate redemption in coin. Out of the great war came the necessity, which forced the Government to issue its legal-tenders, as a substitute for that coin, with which the paper circulation, issued under our national banking act, is redeemed; and, while I cannot cut myself loose from the proposition that our whole system of finance is to ultimately rest on a specie basis, yet I am not willing that the men, who met the brunt of the rebellion, shall in their business suffer the shock of an immediate return to that basis.

Both of these issues are now in circulation, and both are limited; and, by this act of limitation, the Congress of the United States has attempted to say expressly just how much money the people of the country, pushing new enterprises, diversifying industry, and developing in a thousand ways and channels the resources of a magnificent continent, actually need and can have.

Far be it from me to distrust either the patriotism or the wisdom of the Congress of the United States; yet I must be permitted to assert, that it has not the ability to determine just how much money circulation the people need, and the attempt to do it has been the cause of much of the financial disquietude which has prevailed throughout the country. To crowd the business of an active and growing people into an inflexible, cast-iron money system, is, to my mind, as absurd as it would be to force the matured man of forty-five into his ten year old breeches. It is undertaking an impossibility.

As I have already said, we have the two kinds of currency—the legal-tender, a substitute for coin, and the national-bank note, redeemable in that legal-tender or coin—and the real conflict to-day is between these two kinds of paper money. All side issues aid in this strife, and even he who argues that our present system of national banking is so far perfect that there is no need of its being either improved or expanded, or that we should now attempt to force upon the country specie payments, is doing more to aid the legal-tender side of the conflict than is the most ardent and outspoken supporter of the scheme.

If we are to have only so much paper money, and both are so nearly equal in value, how long will it be before that, issued directly by the Government, will assert its supremacy, to the exclusion entire of the

other, and new issues thereof will, from time to time, be put into circulation to meet the demands of the people—every succeeding stress demanding and obtaining new issues—until all hope of ever reaching a specie basis must be forever abandoned. The people say, and justly too, that our present national banking system is a monopoly, and those of us who believe in the system as in the main wisely devised and best suited to our wants, must rid it of this hateful feature, or else it must go to the wall. There is no middle ground on which to stand here, but a bold issue is to be met.

Without discussing at length the various arguments *pro* and *con*, either in favor of or against either system, I will simply state that, with what light I now have on this subject, I can only support that system of a paper currency which is redeemable in legal-tenders, (now, if you please,) but ultimately in coin and legal-tenders, when they shall have appreciated to a par with coin, and which shall be so arranged that redemption shall not only be practicable but imperative. Redemption should not only be imperative, but the reserves should be held in the vaults of each banking institution, and always at command.

In other words, I would throw all proper safeguards around our present banking system, by amending the several acts under which it exists, and then I would make it popular, by making it free. I would legalize, as we have already done, the issue of the \$44,000,000 reserve, so called, or, in other words, declare the legal-tender limit to be \$400,000,000.

I would have no more of the game of fast and loose at the Treasury end of our money system, nor of an elastic currency, which allows one poor human will and judgment to hold and control the elastic end. I would rather that the people, who are alone responsible, if let alone, for the management of the business interests of the country, should determine this whole matter of how much circulation they require, either to move the cotton or other crops, than that one man should assume to do this, be he never so wise.

We owe this \$44,000,000 to the people as an equivalent for the damage done to their interest by reason of our inaction on this question, and because they are justly entitled to a fair send-off in the spring trade, and thank God we have at last discharged the debt.

Mr. Speaker, if I saw in the bill under consideration the dangers to the business interests of the country which my distinguished colleague on the committee, the gentleman from Wisconsin, has with so much ability and credit both to himself and his constituents pointed out, I should not, as I do now with few exceptions, give my hearty support. But I must be permitted to remind the gentleman that, in my judgment, he begs the question when, in pointing out the danger of inflation under this bill, he compares the national-bank issues to the French *assignats* or to any unsecured issue of paper money.

If the bill proposed to allow the people of the country to mortgage, at their own valuation, their wild and unimproved lands, and to use these mortgages as a basis for the free issue of paper money, dollar for dollar, then indeed would there be great force in his argument; but the gentleman will pardon me for suggesting that, in the present case, the basis of the two issues is just the difference between wild lands at an imaginary price and gold coin of the standard value.

I assume that the Government is both able and willing, and that it intends in good faith, to pay both the principal and interest of its bonded debt.

I assume that our gold bonds available for banking purposes are worth at least par, thus giving him the percentage in the argument,

and that every corporation which may organize under the proposed law can only obtain ninety dollars of circulation for \$100 in gold, the purchase-price of the bond which is made a perpetual pledge under the law for the payment of the ninety dollars of circulation thus obtained; and then I wonder how there can be a depreciation!

The *assignats* became depreciated, worthless; but does the gentleman claim that the national-bank notes to be issued under the proposed law can by any possibility become so?

I do not hesitate to say for the gentleman, and that, too, without fear of being corrected by him, that were we at a specie basis he would consider a system of free banking, such as is now proposed, the most desirable one for the prosperity of the country; and I give him credit for so much sagacity that I do not for a moment doubt that he is perfectly aware of the fact—a fact often lost sight of, I fear, in the discussion of this question—that our national banking system is, so far as circulation is concerned, on a gold basis to-day, and will be so under the proposed law; and that there is no more probability of the present or increased circulation becoming depreciated than there is of the Government becoming a bankrupt, and that the bill or note holder is and will be as absolutely secured as he would be were we at a specie basis.

I listened with great attention to his speech. It contains the whole argument on that side of the question, and is the best one I ever listened to; but I will venture to assure the gentleman that neither he nor his children, nor his children's children, will ever see the time under the proposed law, if it should be adopted and kept so long in force, when either he or they will be obliged to give a wheelbarrowful of national-bank notes, secured by gold bonds 10 per cent. in excess of their value in gold, for a bushel of wheat.

There is, Mr. Speaker, no danger, under the proposed free-banking system, of wheat going up to that measure of value unless the promise of "seed-time and harvest" is revoked.

For one, I believe in the stability and perpetuity of my Government, and rely on the promises.

I therefore protest against confounding our present and well-secured national-bank issues with the wild-cat issues which got loose under straw ball in other days, simply because the exigency resulting from the rebellion has been, and is such, that their redemption, for the purpose of trade and exchanges is for the present made with the legal-tender notes; and I submit in all candor that the whole argument on the question of a depreciated currency, if applicable at all, is solely applicable to the legal-tender issues; and that the national-bank issues, instead of embarrassing the Government in its attempt to redeem the legal-tenders in coin, aids it to do this by supplying the place of retired legal-tender notes, by taking up at home its bonds, and by retaining the coin interest at home and for home use.

The only argument which can be fairly urged against the measure is that it will stimulate trade, quicken industry, cure the dry-rot which has during the last six months eaten into the very heart of the business of the country; and that then we shall imperceptibly drift into the whirlpool of another panic, which will bring with it distress and result in financial ruin.

I admit that every active and commercial nation is just as liable to be taken with a panic as children are to be taken with the measles, and yet I believe, although we have got well past the middle of the nineteenth century, that there has not yet been discovered any sure preventive for either. I do not believe that my sagacious friend is

at all afraid of being injured by a panic; nor that he feels competent to devise legislation which will be certain to prevent the occurrence of one. Sam Johnson, when he wanted to enhance the value of Widow Thrale's brewery, then being sold at auction, spurred thereto by his love for the fair widow, said to the bidders at that sale, "We are not here to sell a parcel of boilers and vats, but the potentiality of growing rich beyond the dreams of avarice." If Johnson could say this about a lot of unpoetic beer-vats and boilers, and a dusty old brewery, with how much greater force and power might the owner of a *patent* to prevent financial panics use the same language while trying to dispose of the right for some commercial center like New York. If New York had held such a patent last September, we should never have come so near losing, as we did then, the chance to legislate the \$44,000,000 into circulation.

I must also take issue with the gentleman from Wisconsin on the fact as to whether our currency is excessive in quantity, and I now wish to call attention to that part of his speech where he shows by a careful prepared table the amount *per capita* in 1850, 1860, and 1870. He says:

The following table will show at a glance the population, wealth, and circulation in the United States in 1850, 1860, and 1870, and will completely set at rest any doubt as to whether our currency is excessive in quantity or not:

Year.	Population.	Assessed wealth.	Circulation.	Per head.
1850.....	23,764,706	\$7,135,780,228	\$120,000,000 notes. 100,000,000 coin.	\$10 50
1860.....	31,127,000	12,084,560,000	200,000,000 notes. 150,000,000 coin.	11 30
1870.....	38,115,641	14,173,986,732	700,000,000 notes.	18 42

From the circulation of 1870, exclusively irredeemable paper, I make no deduction for so-called bank reserves, because those reserves, held against deposits, form a necessary part of the circulation of the nation, and are doing, in the coffers of the banks, duty as such equally with currency in the pocket of the citizen.

From this it appears that circulation has been increased out of all due proportion to both our population and wealth.

I ask the attention of the House to that part of his statement relating to the year 1860 as having a tendency to mislead gentlemen on this subject.

He gives the population of 1860 at 31,127,000, the assessed wealth at \$12,084,560,000, and the total of circulation at \$350,000,000, including coin and notes; while in fact the amount of notes in circulation at that time, as appears from the report of the Secretary of the Treasury, was \$207,102,477, and the amount of coin in the country at that time, as appears from the report of the Director of the Mint, was, at a low estimate, \$275,000,000. This makes a grand total of \$482,102,477.

In this 31,127,000 population in 1860 are included 4,000,000 slaves, who were mere chattels and not holders of money, but who in 1870 were citizens and held our money largely. Therefore the figures for 1860 should stand as follows: Population holding money, 27,127,000; assessed wealth, \$12,084,560,000; circulation, \$482,102,477; circulation *per capita* \$17.44 instead of \$11.30, as given in the table before referred to.

Besides it must be remembered that the calculation for the year 1870, from which he makes it appear that we had \$18.42 *per capita*,

does not make any allowance for the large amount of lost and destroyed notes, which if allowed would in my judgment reduce the amount *per capita* to very near the amount held in 1860.

I therefore submit whether from this revised statement "it appears that our circulation has been increased over all due proportion to both our population and our wealth."

Mr. Speaker, I was in great tribulation about the fate of this bill. The gentleman from New York [Mr. MELLISH] who intends, as I am credibly informed, to make a speech on finance before the close of the present session, has told the House that it was "a bill of abominations."

When he made that assertion I was sorely troubled about its fate, and not a little bothered about the question as to whether or not the Committee on Banking and Commerce would go into history with its reputation questioned by the very highest contemporary authority. But imagine my *surprise and delight* when, on consulting the RECORD, I found this assertion to be, not the result of the distinguished gentleman's own well-matured reflections, but only a repetition of what some one had told him.

For myself, I care nothing; but I cannot help congratulating the eminent gentlemen with whom I am associated on that committee, on their narrow escape, and contenting myself with the reflection that it is yet at least an open question whether you, Mr. Speaker, in naming that committee have exercised that sound sense and judgment for which you have hitherto been so eminent.

Let us hope that when the gentleman from New York makes his speech he will set this matter entirely at rest.

New Mr. Speaker, while I claim the people have the right to increase the quantity of the paper circulation, yet I deem it fully as important that we, as legislators, are bound to see to it that its quality be not depreciated, but rather increased in value. If a paper currency is redeemable in *anything*, its value, of course, for the purposes of trade and exchange, depends on the value of the *thing* with which that redemption is made; and, inasmuch as our redemption of the national-bank notes must for some time be made with the legal-tender notes of the Government, it logically follows that, if such redemptions are made imperative, whenever there is a redundancy, anything, which enhances the value of the legal-tender, must also enhance the value of the national-bank note.

How then can this be accomplished? Most clearly any provision of law, which practically retires any portion of the legal-tender notes, *must* enhance the value of the outstanding portion thereof.

The committee's bill, now under consideration, provides, in section 3, that all associations organized under its provisions shall at all times keep and have on deposit in the Treasury of the United States, in lawful money—*i. e.*, legal-tenders for the present—5 per cent. of its circulation, to be held and used only for the redemption thereof, as provided in the bill; but I think this section ought to be so amended as to provide for such redemption at any sub-treasury of the United States, instead of being limited, as it is in the bill, to the assistant treasurer in New York or the Treasurer in Washington. And section 5 provides, that every such association shall keep its lawful money reserves within its own vaults.

The reform the effect of the provisions of the sections, above referred to, practically retires the amount of legal-tenders which go to make up the 5 per cent. for redemption purposes and the lawful reserves, to which must be added the average amount at all times in the hands of the people, and not available for banking purposes.

It occurs to me that, in this way alone, the value of the legal-tenders will be sufficiently enhanced to cause them to be sought after, and preferred by the people; and, as soon as that point is reached, the quality of our currency has commenced to improve. But, in order that there may be no mistake about this, and while I cannot, for obvious reasons, support the last section of the committee's bill, which provides for the hoarding of coin by the Treasury, yet I am in favor of, and as soon as the business of the country once gets into shape again, a gradual retirement of the legal-tenders, in some just ratio to the increased volume of national-bank notes, until they shall have been reduced by at least \$100,000,000.

By this method the value of the legal-tenders would gradually appreciate, and eventually become equal to that of gold. Two causes would tend to produce this result: first, the decrease of the volume of the legal-tenders; and, secondly, the increasing demand for them for the purpose of redeeming the increased issue of national-bank notes. *If this is inflation*, then I am an *inflationist*; for it will give us a monetary system well adapted to the condition of the country and the substantial business wants of the people. It gives the people all the circulation they choose to take and pay for, and it gives them no more than they can pay for.

It neither increases the debt of the Government nor of individuals. It enables the people to supply themselves with an amply secured currency, always increasing in value, whenever and wherever most needed, by removing monopolizing restrictions, without removing those required by prudence and safety; and in the not distant future it will enable the Government to fund its legal-tender notes and retire from the banking business, a consummation that the experience of the last five months demonstrates is to be most devoutly wished for.

But, sir, the East, ever mindful of the wants of the great South and West, and ever anxious to provide for them in their own wise and beneficent way, tell us of those bright regions that we do not want more circulation; that we do not need more banking facilities; that we are not yet far enough advanced to own and control these institutions; and that when we want accommodations we should apply to them. All the reply I have to make to this kind of talk is that we know we are poor; our rough-and-tumble struggle with nature enables us to be told of it without losing our temper. We trust we are honest, and we hope to be some day blessed with a more bountiful supply of this world's goods than we now control, and yet we think we are now able to avail ourselves to some extent of a system of free banking, if we can only be permitted to do so.

I know something of this people, of their resources, their industry and rapidly increasing wealth; and while I do not now claim that they have the ready money with which to buy as much circulation as the East is able to take up, yet they are both willing and ready to organize and start national banks with a limited capital, in nearly every well-settled county. You, of the East, know well enough that your banking capital, available for business purposes, is not represented by your circulation, but rather by your deposits, and we, of the newer sections of the country, have begun to appreciate the fact, and to know the importance of a national bank to every business community; not so much because of the circulation which it affords, although that is valuable, as because of the fact that it forms a nucleus about which will gather almost the entire tide money of a community, and make it available for business uses, so that the business man, with his neighbor's indorsement, can make a piece of paper desirable in the

locality, but which you men of the eastern cities would not be willing to do at any price.

The national bank would have this effect always, because that class of people who hold the bulk of the idle money in any of our communities, have confidence in the system, and will keep it on deposit. We know well enough that the money of the West and South is hoarded by the laboring classes, that it is idle and cannot be made available for business uses; and we ought to know that each national bank with a capital of \$50,000 will, if well managed, draw to it a very large amount of this kind of deposits, and that then the planter, the farmer, and the man of small means, instead of being crippled for the want of money, and obliged to sell his crop, or his property, could get accommodations which would enable him to avoid a sacrifice.

You of the East can never supply our home demand. Then why not let us supply ourselves?

Mr. Speaker, the district, which I have the honor to represent on this floor, contains an area of about twenty-five thousand square miles. Besides yielding largely in all kinds of agricultural products and fruits common to the State, its fisheries yield annually over \$1,000,000, it produces annually one-half of the entire lumber, shingles, laths, and staves, manufactured in that State, and of the value, according to the last census, of \$15,973,195; and the value of its iron and copper produced for the year 1873 amounts, in round numbers, to \$15,000,000, these three items alone aggregating \$31,973,195; and yet in that vast district, equal in extent to an empire, with all the elements of great and lasting wealth, and with a hardy population constantly increasing and actively engaged in many and varied channels of industry, there are only \$306,840 of national bank circulation, or a fraction over three dollars per capita. Prior to the passage of the national bank act we had no bank in my own town, and if its business men wanted to borrow money they were obliged to run about and pick it up in small amounts, and on all sorts of contracts, thereby advising everybody of the stress in which they were, but mostly obliged to continually want it. Our money was nearly all in the hands of our laboring men and idle. Well, my people established a national bank with a capital which gave us \$144,000 of circulation, and the result was that, on the 1st day of last September, our bank had a deposit account of nearly \$500,000 available for business purposes.

We want more circulation to-day. Three institutions are now ready to take it, and are urging me to devise some way by which it can be obtained.

I thought, when the chairman of the Committee on Finance, at the other end of the Capitol, brought in his bill for a redistribution of the national bank circulation, that the auspicious time was coming, and that I should soon be able to comply with the demands of my constituents; but to my surprise and consternation the people from the State of Rhode Island, who have only the small sum of sixty dollars per capita, confronted the honorable Senator from Ohio with a protest against such action, in which it was claimed that the business men of Rhode Island could not spare any portion of their immense circulation without injury to their interests, and, lo, my hopes vanished. Is it not just possible, Mr. Speaker, that these business people of Rhode Island, always so noted for their success and prosperity, are right in this matter, and that gentlemen, who are constant y trying, by every device which their ingenuity can invent, to so bend, and shape this cast-iron system that it will fit the business of the country, are wrong? Is it not just possible that there are

defects in our present financial system, and that they can be remedied by wise action here, in such a way, that it may be open to all, and, at the same time be hedged about with such sure and certain safeguards, that an increase in the quantity of our paper money will not be incompatible with an enhancement of its value? Are not activity, industry, real growth, true development, and solid wealth the basis of our whole financial system, and is not a return to specie payments possible on that basis?

There never was a greater truism enunciated than that uttered by the veteran Senator of Michigan when he said on the floor of the Senate, "What we want is, more money and better money;" but I appeal to the sense of the country whether this want cannot be safely and securely supplied without forcing the country to undergo the shock of a forced resumption of specie payments.

Sir, it requires something more heroic than an act of Congress to place the country on a real and permanent specie basis. The problem can only be solved by eliminating the annual coin interest of about \$100,000,000, which we pay on our bonded debt. Between the present paper-money era and a specie-basis era looms up, and always confronts us, this \$100,000,000 of annual coin interest, which no act of Congress can *per se* honestly wipe out, but which must be decreased before we can reach that new era.

It cannot be reached by resolving to resume, but it can be through toil and labor, and taxation honestly applied to the reduction of our bonded debt.

Then, give the people prosperity and the Government revenues and we shall reach a specie basis which will be permanent and lasting without an act of Congress.

This is the business statement of the whole question, and the rapidity with which we shall move thitherward is only a matter of policy and expediency.

Entertaining as I do these views, I am not at all surprised at the position taken by gentlemen on the opposite side of the House when they say they are unwilling to vote either for increased taxation or for adding one dollar to the public debt, and that the expenditures must be cut down to meet the revenues, so matter what may happen. But I am fearful that this side of the House will too long yield to this demand, content itself with a do-nothing policy—spending its energies in attempting to cover unexpended balances into the Treasury—and in the pursuit of such a course, under the guise of economy will not only entirely satisfy the opposition, but convince the people of the country, by constantly paring down the appropriations, all the while forgetting that the revenues will decrease and decrease until bankruptcy must ensue, that the nation is still laboring under the throes of a financial panic so severe, terrible, and devastating as to entirely overcome its recuperative energies. I am, perhaps, not wise in statesmanship, but I do know that it is not for the interest of any party in power, and responsible for the conduct of the Government, to do just that thing which the opposition desires should be done, but that it should rather adopt some true and wise line of policy and follow it out, in spite of what the opposition may say or do. A party without a policy is an anomaly.

Do we understand what economy is as applied to the affairs of a great nation like ours? Are we not apt to theorize a little and talk foolishly about this matter, forgetting the true business principles underlying the whole question? Is it economy to say or do anything which has the least tendency to increase that loss of confidence occasion-

sioned by the late financial panic? to destroy that only thing now needed to quicken the energies of the people; to increase that only thing left of the panic? Is it economy to proclaim here in these Halls simply because the business interests of our country are, more through neglect and inaction than by reason of the late panic, for a moment checked, and consequently the revenues below the immediate demands of the Government, that everything must come to a deadlock, and that appropriations must be cut down below the real wants and demands of the moment? Is it true that gentlemen on this floor are still talking and acting under impressions received before they left their homes to attend this Congress, and that the world and its business have not moved since then? Let me ask gentlemen to reflect before they subscribe to such a view. Let me beseech them to consider this proposition, in the light of experience, and of their business education, before they give it their unqualified assent.

I hold it to be an axiom that, in times like these, a true governmental policy of economy demands that everything in reason be done that can be done to restore, and strengthen confidence in business and in all legitimate undertakings, that we should make all legitimate appropriations for the wants of the Government, really necessary to be made, even though it costs more money to carry on the work than the revenues now seem to promise. It is, sir, no time now to cut down appropriations. It is no time to suspend work on either the public buildings or harbors where the work has already been commenced and carried forward to such an extent that, either loss will arise from a suspension, or commerce will suffer thereby. It is the proper time, however, to see to it that all such appropriations are carefully and prudently expended, that no extravagance or waste eats up the people's money and prevents it from doing the work set apart for it to do. But gentlemen will ask, "Where is the money to come from with which to meet these appropriations?" I answer, it will come from the increased revenues of the country, and that, if in the judgment of Congress, this increase seems to be insufficient, then I would increase the revenues, either by direct taxation or by import duties. Tell you, the people are not opposed to taxation for the legitimate wants of the Government. They are only opposed to extravagance and waste in expenditures, to subsidizing monopolies and the despoiling of the public domain, by extravagant gifts and grants thereof, and to leaving their industries crippled by the delay and uncertainty of congressional action.

I would not borrow a dollar to meet a single ordinary demand of the Government, and I do not believe that, under the present circumstances, any party can survive, that either does it, or attempts to do it. The gentleman from New York, who had charge of the Army bill, told the country that western enterprise must be contracted; that the hardy pioneers must return to the more densely settled communities and that the Government, in view of the late panic—of which nothing is now left but a little want of confidence—is unable to take care of them, unless they will huddle themselves together, and, like lost sheep, return to his fold.

Let it be recorded, sir, that here, in the Halls of the Forty-third Congress, that motto, which has for almost a century filled every young heart in this broad land with ambition and enterprise, "Westward the course of empire takes its way," is but a mere piece of humbug, only intended for the Fourth of July; and that this great American Government, owing to a little flurry in the money market, which caused the downfall of a few bold operators, but which checked

only temporarily the real business interests of the country, is no longer financially able to protect its own citizens within its own domain. That proposition is to my mind as humiliating as would be one to sell off to some foreign power that portion of our public domain not now really required for actual occupation and settlement.

I fear, sir, that we are overestimating the late panic, both as to its effect on the people, the business of the country, and the Government, believing it to be the near cause of certain results not at all attributable to it; and when I hear the other side roll well-turned sentences upon it "like a sweet morsel under their tongues," and see their faces gladden with delight when distinguished gentlemen on this side of the House let themselves loose on this fruitful theme, I cannot help asking myself, "Whose hands are pulling the chestnuts out of the fire and for whose benefit are they being pulled out?"

If the present session of Congress can only be frittered away in the present session of Congress, I can only be convinced that this kind of economy, which now seems to be the rage—an economy which is opposed to the investment of a single dollar, under any circumstances, in any of the permanent improvements of the country—is the best policy to be pursued, for one fear that the people will consider us derelict in duty in not securing them the relief, and wise reforms now needed, and that "the place which now knows us will soon know us no more forever." I tell gentlemen that when they say from this high place that, either this Government, or this people are bankrupt, and unable to meet all appropriations necessary and proper to be made, they are sadly mistaken.

I am, sir, in the eyes of my confiding constituents, the peer of any man on this floor; and therefore at their behest, but with fear and trembling, I here assert and maintain that distinguished gentlemen holding leading positions on this floor are doing not only them, but the whole people, great harm and injury every time they say or do things, which tend to check that growth of confidence, which only needs now to be a little strengthened to cause business to be again revived and wealth accumulated all over this land.

I have said that I would not borrow one single dollar to meet or defray the current demands of the Treasury, but that I would, if necessary, impose additional taxes on the people to meet these demands, trusting their intelligence and patriotism to meet the emergency, in the same way in which they now meet every business engagement. There is no danger about the people's misunderstanding a business proposition, but there is danger of their becoming disgusted with a masterly inactivity—a frittering away of money and time on little things, while great interests, vital to their progress and welfare, are neglected and ignored.

Mr. Speaker, crowding itself on our attention, and jostling for precedence with this all-important subject of finance, comes another question for consideration. The cry has gone forth from every farmhouse, shop, and cabin all over this broad land for cheaper transportation. The loud voice of the people has been heard on this subject, and it gives no uncertain sound. The appeal is made to us to take such wise action as shall in some certain sense answer this earnest demand of the people; not so much by legislation unfriendly to the great highways of traffic afforded by our railroad system, but by opening up and improving the great water-lines of communication between the North and South, the East and West, connecting the Mississippi with the East by canals, improving the navigation of that stream to its mouth, making the great lakes as one for all purposes of

commerce, by improving the Saint Clair Flats, the Saint Mary's River and Canal, and doing everything, really needed in the way of improvement of harbors and rivers, that will tend to secure safety in transit, cheapen the rates of freight, and bring the producer and consumer nearer together.

For these great undertakings I am in favor of pledging the faith and credit of this Government even now, and in what some gentlemen may call dark days. These are the great natural arteries of this continent, and the people demand that they shall be improved and connected together by canals. Sir, I have but few, if any, grangers in my district; but it requires neither a prophet nor the son of a prophet to see what will be the results of this demand of the people. It must be wisely and well met, not only because it is demanded, but because it is right, and has in it the germs of development and wealth so mighty, powerful, and great, that they can hardly be foretold.

We must now either meet these issues wisely and bravely, or else we must give way and let our places be filled by others, who will catch the inspiration of the times, and be equal to the emergency.

I am for it from me to either find fault with public men or to indulge in doubt and uncertainty as to the future.

The signs of the times have for me no gloomy aspect.

The grand old party, which snatched a dying Government from the hands of its enemies, saved it, and made it progressive, powerful, and great, is yet true to its mission. Through it, as in time past, will come all needed reforms; and around it, when the supreme hour arrives, will rally the hosts of freemen.

**END OF
TITLE**